



**SDL Ventures**

July 11, 2007

Ms. Monica Desai, Media Bureau  
Federal Communications Commission  
445 12th Street SW  
Washington, DC 20554

SDL Ventures, LLC  
One First Street  
Suite 14  
Los Altos, CA 94022

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Subject: MB Docket No. 07-51, FCC 07-32

Dear Ms. Desai:

We are venture capital investors in small private communication companies that provide Internet, television and phone services to multiple dwelling unit (MDU) apartment communities throughout the United States. We have embraced investments in this space because we believe that a substantial number of consumers will choose innovative technology, better customer service and lower costs which these more nimble and entrepreneurial companies can deliver. We have observed consistent 30%+ annual subscriber growth, proving that this type of competition is working. Our investments are good for consumers, fuel innovation and offer more choice.

This business model is very capital intensive. To realize a return on our investment, we require that our services are provided to a consumer base under an exclusive service agreement with the owners of the MDU community. In order to protect the marketability of their apartment units which is the foundation of the apartment rental business, these real estate owners require specific performance guarantees, strict service level agreements, extremely high levels of customer service response times and technology evergreen clauses. The type of guarantees that we provide the owners and consumers of MDU communities far exceed any service guarantee offered by Verizon, AT&T, Comcast or Time Warner, even to their largest enterprise business customers.

If exclusive contracts are banned, we cannot achieve an adequate return on our investment in this competitive communication industry. **We will cease all future investments in competitive communications companies.**

This proposed regulation is not consumer friendly and will not provide greater long-term competition or innovation in dense urban development MDUs. The advocates of this regulation are seeking to use their current market dominance to strong arm their way into select MDU communities, eliminate property owner rights which are protected by the 5<sup>th</sup> Amendment to our Constitution, and provide for a duopoly situation where prices and innovation are not dictated by competitive consumer demand, but by Wall Street short-term bottom line stock price performance.

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If the FCC is seeking greater competition, perhaps you should revisit issues such as perpetual contracts, inside wiring ownership in MDUs and your ruling that fiber to the home and curb providers can be allowed to ban competitive access to consumers through the elimination of unbundled network elements over those networks.

Banning exclusive agreements will cease investment in innovative companies which have provided the only real competition to MSOs and RBOCs.

Please include this in the record for FCC 07-32, MB 07-51.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael Foster", with a stylized flourish at the end.

Michael L. Foster  
Vice President, Partner  
SDL Ventures, LLC